

SEC



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MISSION

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

Washington, DC
MAR 03 2008

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response . . .	12.00
SEC FILE NUMBER	
8 -	50776

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

G.C. Andersen Partners Capital, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

430 Park Avenue

(No. and Street)

New York

New York

(City)

(State)

PROCESSED

MAR 24 2008

10022

THOMSON
FINANCIAL

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

G. Chris Andersen

212-842-1600

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

J.H. Cohn LLP

(Name - if individual, state last, first, middle name)

1212 Avenue of the Americas

New York

(Address)

(City)

NY
SECURITIES AND EXCHANGE COMMISSION
(State) (Zip Code)

RECEIVED

MAR 03 2008

BRANCH OF REGISTRATIONS
AND

FOR OFFICIAL USE ONLY

02

EXAMINATIONS

CHECK ONE:

- ☐ Certified Public Accountant
☒ Public Accountant
☐ Accountant not resident in United States or any of its possessions

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

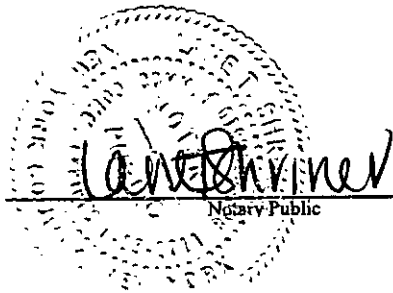
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SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Douglas McClure, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of G.C. Andersen Partners Capital, LLC, as of December 31 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Douglas T. McClure
Signature

PARTNER
Title

LANE T. SHRINER
Notary Public, State of New York
No. 01SH6086008
Qualified in New York County
Commission Expires January 13, 2011

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

G.C. ANDERSEN PARTNERS CAPITAL, LLC

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Report of Independent Public Accountants

To the Member
G.C. Andersen Partners Capital, LLC

We have audited the accompanying statement of financial condition of G.C. Andersen Partners Capital, LLC (A Wholly-Owned Subsidiary of G.C. Andersen Partners, LLC and A Limited Liability Company) as of December 31, 2007, and the related statements of income, changes in member's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of G.C. Andersen Partners Capital, LLC as of December 31, 2007, and its results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

JH Cohn LLC

New York, New York
February 26, 2008

G.C. ANDERSEN PARTNERS CAPITAL, LLC

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2007

ASSETS

Cash	\$ 941,772
Accounts receivable	140,000
Prepaid expenses	6,182
Other assets	<u>1,000</u>
Total	<u>\$ 1,088,954</u>

LIABILITIES AND MEMBER'S EQUITY

Due to related party	\$ 743,310
Accrued expenses	<u>15,000</u>
Total liabilities	758,310
Member's equity	<u>330,644</u>
Total	<u>\$ 1,088,954</u>

See Notes to Financial Statements.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

**STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2007**

Revenues:	
Fees	\$ 3,247,260
Miscellaneous	<u>35,000</u>
	<u>3,282,260</u>
Operating expenses:	
Management advisory fees	2,563,292
Administrative fees	48,000
Consulting fees	35,000
Commissions	345,776
Salaries	33,000
Professional fees	115,406
Rent	12,000
Filing and registration fees	12,472
Telephone	3,000
Miscellaneous expenses	<u>1,356</u>
Total expenses	<u>3,169,302</u>
Net income	<u>\$ 112,958</u>

See Notes to Financial Statements.

G.C. ANDERSEN PARTNERS CAPITAL, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2007

Member's equity, beginning of year	\$ 217,686
Net income	<u>112,958</u>
Member's equity, end of year	<u><u>\$ 330,644</u></u>

See Notes to Financial Statements.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007**

Operating activities:	
Net income	\$ 112,958
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(100,000)
Restricted cash	100,677
Prepaid expenses	(1,182)
Due to related party	735,310
Due to customers	(100,677)
Accrued expenses	<u>(11,500)</u>
Net cash provided by operating activities and net increase in cash	735,586
Cash, beginning of year	<u>206,186</u>
Cash, end of year	<u><u>\$ 941,772</u></u>

See Notes to Financial Statements.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and business:

G.C. Andersen Partners Capital, LLC (the "Company") is a wholly-owned subsidiary of G.C. Andersen Partners, LLC ("GCAP") (the "Parent"). The Company was organized on July 28, 2005 as a Delaware limited liability company and is registered to do business in New York as a foreign limited liability company. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, (the "FINRA"). The operating agreement provides for the limited liability company to exist in perpetuity. There is only one class of member. The individual member's limit on liability is the extent of its contributed capital. The Company renders financial advisory services to selected clients with respect to capital raising, business restructurings and other financial services.

The Company operates under the provisions of paragraph (k)(2) of Rule 15c3-3 of the Securities Exchange Act of 1934 which provides that the Company carries no margin accounts, promptly transmits all customers' funds and delivers all securities received in connection with the Company's activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

The accompanying financial statements have been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with the Parent, such financial statements may not necessarily be indicative of the financial condition that would have existed or the results that would have been obtained from operations had the Company operated as an unaffiliated entity.

Note 2 - Significant accounting policies:

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue recognition:

Revenues are recognized when earned and arise from financial advisory services provided by the Company to its clients. The capital raising and financial restructuring advisory fees are recognized at the closing of the respective transactions.

Allowance for doubtful accounts:

The Company assesses the financial strength of its customers. Periodically, the Company evaluates its accounts receivable and provides for an allowance for doubtful accounts equal to the estimated uncollectible accounts. The Company's

G.C. ANDERSEN PARTNERS CAPITAL, LLC

NOTES TO FINANCIAL STATEMENTS

Note 2 - Significant accounting policies (concluded):

Allowance for doubtful accounts (concluded):

estimate is based on a review of the current status of the individual accounts receivable. It is reasonably possible that the Company's estimate of the provision for doubtful accounts will change. At December 31, 2007, no allowance was necessary.

Income taxes:

As a wholly-owned limited liability company, the Company is not subject to Federal, state or local taxes. All items of income, expense, gains and losses are reportable by the member for tax purposes.

Note 3 - Concentration of credit risk:

The Company maintains its cash accounts in a commercial bank. The balances in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2007, the Company had uninsured cash balances of approximately \$807,000.

For the year ended December 31, 2007, three customers accounted for 73% of the Company's total fees.

Note 4 - Related party transactions:

Administration fees:

Administrative fees for the year ended December 31, 2007 were \$48,000 charged by the Parent. These fees were determined based on percentages of personnel and are updated periodically.

Rent expense:

Rent expense during the year ended December 31, 2007 was \$12,000, charged by the Parent. This fee was determined based on a percentage of the estimated usage of the facilities.

Management advisory fees:

During the year ended December 31, 2007, the Company incurred management advisory fees of \$2,563,292 charged by the Parent. As of December 31, 2007, \$743,310 of these fees are payable to the Parent.

Note 5 - Net capital requirements:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2007, the Company had net capital of \$183,462 which was \$132,908 in excess of its required net capital of \$50,554. The Company's ratio of aggregate indebtedness to net capital was 4.13 to 1.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

NOTES TO FINANCIAL STATEMENTS

Note 5 - Net capital requirements (concluded):

Due to one of the Company's representatives acting as an escrow agent during 2006, which included the creation of an escrow account and the acceptance of customer funds, the Company's net capital requirement was increased to \$250,000. As a result of this temporary increase, the Company failed to maintain their net capital requirement for certain months in 2006, as well as at December 31, 2006. As of February 2007, the Company closed the escrow account, returned the customers' funds, stopped accepting any additional customer funds and accordingly, the minimum net capital was restored to \$5,000.

Note 6 - Miscellaneous income:

Included in miscellaneous income is \$35,000 that was received from FINRA in connection with the merger of the regulatory functions of the New York Stock Exchange and the National Association of Securities Dealers.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

**SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2007**

Total Member's equity	<u>\$ 330,644</u>
Deduction and/or charges:	
Nonallowable assets:	
Accounts receivable	140,000
Prepaid expenses and other assets	<u>7,182</u>
	<u>147,182</u>
Net Capital	<u><u>\$ 183,462</u></u>
Computation of basic net capital requirement:	
Minimum net capital requirement, greater of 6-2/3% of aggregate indebtedness or \$5,000	<u><u>\$ 50,554</u></u>
Excess net capital	<u><u>\$ 132,908</u></u>
Excess net capital at 1,000%	<u><u>\$ 107,631</u></u>
Aggregate indebtedness - total liabilities	<u><u>\$ 758,310</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>4.13 to 1</u></u>

There was no material discrepancies existing between the above computation and the computation included in the Company's corresponding unaudited form X-17A-5 Part IIA filing. Accordingly, no reconciliation is necessary.

See Report of Independent Public Accountants.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

**SCHEDULE II - COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2007**

The Company is exempt from the provision of Rule 15c3-3 as of December 31, 2007 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the condition for exemption appearing in paragraph (k)(2).

See Report of Independent Public Accountants.

G.C. ANDERSEN PARTNERS CAPITAL, LLC

**SCHEDULE III - INFORMATION RELATING TO THE POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15C3-3 OF THE SECURITIES AND
EXCHANGE COMMISSION
DECEMBER 31, 2007**

The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The Company is exempt from the provision of Rule 15c3-3 as of December 31, 2007 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the condition for exemption appearing in paragraph (k)(2).

See Report of Independent Public Accountants.

Report of Independent Public Accountants on Internal Control

To the Member
G.C. Andersen Partners Capital, LLC

In planning and performing our audit of the financial statements of G.C. Andersen Partners Capital, LLC (the "Company"), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation

of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we do believe that the Company's practices and procedures as described in the second paragraph of this report were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



New York, New York
February 26, 2008

END